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## Peru

**Post:** Lima

### **Cuzco—Birthplace of Inca Empire—Promising Market Opportunities Too**

**Report Categories:**

Agriculture in the Economy

Food Service - Hotel Restaurant Institutional

Retail Foods

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**Report Highlights:**

The government is actively promoting Peru as a cultural and tourism destination. Cuzco, with over 100,000 foreign visitors monthly, is Peru's preeminent international tourist destination. As a result, significant supermarket expansion is underway to meet visitor food needs. Seventy percent of all tourists are foreigners. They spend on average \$1,100 per day (including transportation, lodging and food) during a trip to Cuzco, with food purchases accounting for 18 percent of total expenditures. Good opportunities exist for U.S. exporters of dried fruits, wine and beer, spirits, beef and beef products, as well as organic products.

## **General Information:**

The government is actively promoting Peru as a cultural destination. The country's renowned gastronomy, through the food industry, has the potential to diversify an economy too heavily reliant on the extractive mining (i.e., copper) industry. The tourism sector is a source of foreign exchange, as well as a major service sector employer. Peru attracted 3.1 million foreign visitors in 2013, generating nearly \$4 billion in revenues (up 28 percent compared to 2012).

Cuzco is Peru's sixth largest region in terms of territory. While the economy comprised only 3.4 percent of the country's gross domestic product (2012), Cuzco's economy during the 5 year period of 2008 to 2013 grew 59 percent. That growth is attributable to the expansion of the oil and gas sector, as well as upswings in construction, mining, tourism and agriculture. The Cuzco region has a population of approximately 1.3 million habitants, and 55 percent of reside in urban areas. The city of Cuzco alone has about 430,000 inhabitants.

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The Inter-Corp Group finished construction in 2013 of the Real Plaza Shopping Center. This shopping center has a new 4,500 square meter Plaza Veja supermarket, Cuzco's largest store. Plaza Veja's large footprint facilitates the introduction of new products not previously present in Cuzco. Local consumers, long accustomed to the smaller traditional markets, are adapting their purchasing habits to the modern supermarket format. First year sales totaling over \$30 million have exceeded initial projections. An additional Plaza Veja, as well as a Tottus (Saga Falabella Group), will also open towards the end of 2014. Peru's three major retailers (i.e., CENCOSUD, Supermercados Peruanos, and Hipermercados Tottus) are similarly planning new supermarket openings in nearby Ollantaytambo (the Sacred Valley).

PROINVERSION, Peru's investment promotion agency, after years of delay, awarded in 2014 the concession for the Chincheros International Airport – Cuzco. An estimated 6 million visitors annually will utilize the airport once it is operational. Food purchases and dining out account already for 18 percent of foreign visitors' expenditure while in Cuzco. These days about 100,000 tourists visit Cuzco monthly. According to APEGA, visitors to Cuzco spend around \$1,100 per day on food, lodging, and transportation.

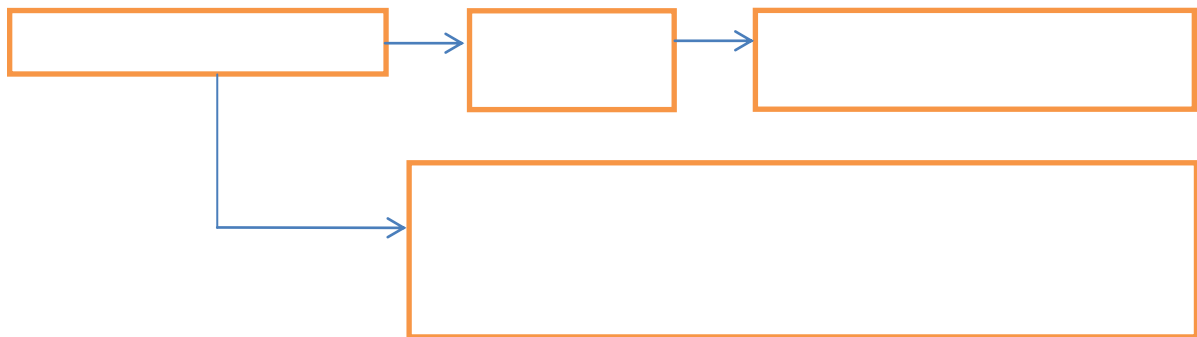
High-value U.S. consumer-oriented products (e.g., wines, beef and pork) are increasingly being served in Peru's more sophisticated restaurants and hotels. Demand for U.S. food products and ingredients has benefitted from [the U.S.-Peru Trade Promotion Agreement \(PTPA\)](#), which by year six has doubled U.S. exports (reaching \$1 billion in 2014) and driven the expansion of new supermarkets and restaurants (see, [GAIN Peru Retail Foods 2014](#)).

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## Market Features

- Strong demand for imported U.S. goods (e.g. meats, cereal power bars, confectionery and canned diet soft drinks).
- Imported goods arrive from Lima. There are no local importers.
- Modern supermarket chains are now present in Cuzco.

## Market Road Map:

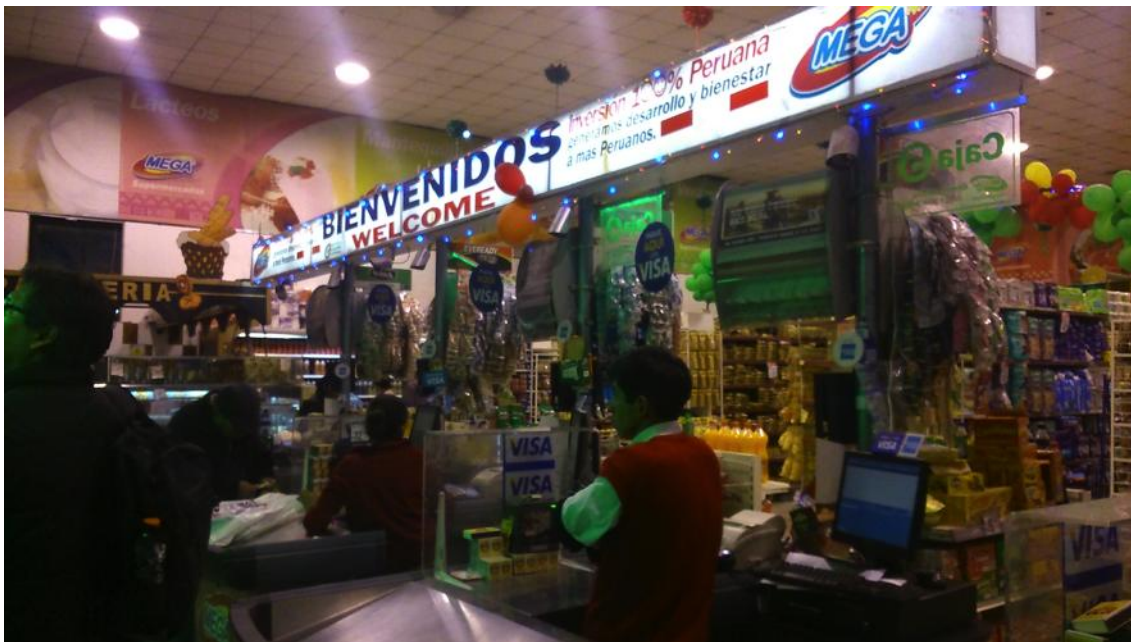


## Key Players:

- Hotels
  - Cuzco City (20)
  - Sacred Valley (9)
  - Machu Picchu (4)
- Restaurants
  - Cuzco (37)
  - Urubamba (7)
  - Machu Picchu (2)
  - Hotel restaurants (33)
- Modern Market Channels
  - Mega stores (5)
  - Orion and La Canasta stores (7)
  - SPSA hypermarket (1)
  - El Gato Market (1)
- Traditional Market Channels
  - San Geronimo Market
  - San Pedro Market
  - Small district markets



Picture 1. ORION Supermarket



Picture 2. MEGA Supermarket





**Picture 3.** San Pedro Market – Traditional market channel



**Picture 4.** San Pedro Market – Traditional market channel



**Picture 5.** Real Plaza Commercial Center



**Picture 6.** Plaza Vea



**Picture 7.** Plaza Vea Imported Goods